

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7409**

**BILL NUMBER:** SB 537

**NOTE PREPARED:** Jan 22, 2011

**BILL AMENDED:**

**SUBJECT:** State museum and historic sites.

**FIRST AUTHOR:** Sen. Merritt

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *State Museum and Historic Sites Corporation.* This bill establishes the Indiana State Museum and Historic Sites Corporation as a public body corporate and politic to govern the State Museum and historic sites.

*Board of Trustees.* It establishes the corporation's board of trustees to oversee and govern the corporation.

*State Museum and Historic Sites Development Fund.* The bill establishes the State Museum and Historic Sites Development Fund and make a continuing appropriation to the fund.

*State Museum Foundation.* The bill establishes the State Museum Foundation.

*Transition.* The bill includes transitional provisions to transfer the Museum and historic sites functions and funds from the Department of Natural Resources (DNR) to the corporation.

*Repeals.* The bill repeals laws governing the State Museum and historic sites as entities administered by the DNR. It makes conforming changes.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *State Museum and Historic Sites Corporation.* The bill establishes the State Museum and Historic Sites Corporation. The board must appoint an individual to serve as chief executive officer of the corporation. Employees of the corporation are not employees of the state. The corporation may employ or contract with consultants, attorneys, or other persons as are required in the

judgment of the board and pay compensation from funds available to the board. The board may adopt a resolution providing that the corporation's employees who are eligible to participate in the Public Employees' Retirement Fund must participate in the fund. The board may adopt a resolution to allow the corporation's employees to participate in group insurance and other benefit plans, including the state employees' deferred compensation plan, that are available to state employees. The board may hire, fix the compensation of, review the performance of, and dismiss, a chief executive officer who is the director of state museums; chief administrative officer of the corporation; and supervisor of the state museums' staffs and contractors. The chief executive officer may hire, fix the compensation of, review the performance of, and dismiss employees of the corporation.

The expenses of the corporation will depend on staff hired and personnel policies established. The DNR support staff would not decrease due to a transfer of the State Museum to another corporation. The DNR has a support staff of about 60 positions which include the divisions of Accounting, Internal Audit, Budget and Support, Payroll and Human Resources, Legal, Executive Staff, and Management Information. The transfer of a relatively small portion of the DNR's entire budget and staffing to the corporation would not reduce the number of support staff needed at DNR. (Additional information will be provided when it becomes available.)

*Board of Trustees.* The corporation is governed by a board of trustees that consists of 13 persons. The chief executive officer, the governor or designee, a representative, a senator, and the DNR director or designee serve as nonvoting members. Each member of the board who is not a state employee is entitled to per diem and reimbursement for traveling expenses or other expenses actually incurred in connection with the member's duties. State employees are entitled to reimbursement for traveling expenses and other expenses. Legislators are entitled to receive per diem, mileage, and travel allowances. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the Legislative Council or the Legislative Services Agency (LSA). Per diem and allowances for legislators are estimated at less than \$5,000 per year.

The board must operate and maintain the state museums and historic sites.

*State Museum and Historic Sites Development Fund.* The corporation administers the fund. The corporation may invest the money in the fund not currently needed to meet the obligations of the fund in a manner consistent with policies adopted by the board. Expenses of administering the fund must be paid from the fund. The following must be deposited in the fund:

- (1) Proceeds from admission and user fees.
- (2) Sales at museum shops.
- (3) Facility rentals.
- (4) Restaurant sales.
- (5) Any other income generated by the state museums.
- (6) Gifts of money or the proceeds from the sale of gifts donated to the state museums.

All money accruing to the fund is appropriated continuously. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

*State Board of Accounts (SBA).* The state board of accounts must annually audit the corporation and the foundation. The SBA should be able to do so given its existing level of resources.

*Governor Frank O'Bannon Great Hall.* The chief executive officer of the museum must install and maintain

appropriate public signage on and around the museum. The specific expense is unknown at this time.

*Transition.* After June 30, 2011, rules that concern the Division of State Museums and Historic Sites that were adopted by the Natural Resources Commission must be treated as rules applying to the corporation. All real property, personal property, and artifacts of the Division of State Museums and Historic Sites are transferred to the corporation. All powers, duties, assets, and liabilities of the DNR regarding the Division of State Museums and Historic Sites and artifacts are transferred to the corporation.

The Budget Agency must transfer to the corporation all appropriations contained in the budget appropriation for the DNR for the period beginning July 1, 2011, and ending June 30, 2013, that were intended for the operation and improvement of the state museums.

The Budget Agency must on July 1, 2011, transfer to the State Museum and Historic Sites Development Fund the following:

- (1) all money in the revolving fund of the Division of Museums and Historic Sites, State Museum Development Fund, and the State Museum Acquisition Fund); and money in any other account intended for the use of state museums

The budgets for the State Museum and State Historic Sites are outlined below.

<b>State Museum</b>	
Salaries and benefits and other operating expenses	\$8,211,000
Preventive maintenance (for biennium)	\$763,000
<b>State Historic Sites</b>	
Salaries and benefits and other operating expenses	\$3,648,000
Preventive maintenance (for biennium)	\$850,000
CR&R (for biennium)	\$1,500,000

For the FY2009–2011 biennium, the State Museum was appropriated about \$6.3 M. State historic sites were appropriated about \$2.9 M.

(Additional information will be provided when it becomes available.)

**Explanation of State Revenues:** *Indiana State Museum Foundation.* The board may establish a nonprofit subsidiary corporation, to be known as the Indiana State Museum Foundation, that may solicit and accept private funding, gifts, donations, bequests, devises, and contributions. The board may qualify the museum for federal and other aid to preserve historic property, materials, items, and memorials. The amount of revenue the board will qualify for is indeterminable.

The foundation must use money received to carry out the purposes and programs of the State Museum and Historic Sites. The foundation is governed by a board of directors who are members of the board. Employees of the corporation must provide administrative support for the foundation. The amount of revenue that will be generated by the Foundation is unknown.

**Explanation of Local Expenditures:** *Penalty.* A person who knowingly or intentionally alters, without a permit, historic property located on property owned or leased by the state commits a Class B misdemeanor. If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** *Penalty.* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** DNR, Department of Correction, Legislative Council, and LSA.

**Local Agencies Affected:** Circuit or Superior Court in Marion County, trial courts, local law enforcement agencies.

**Information Sources:** DNR; Indiana Sheriffs Association; and the Department of Correction.

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